Early Warning System

# DFC-SERRAVERDE

## Environmental and Social Impact Assessment for Serra Verde Pesquisa e Miner

# Environmental and Social Impact Assessment for Serra Verde Pesquisa e Miner

## Quick Facts

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|---|---|
| **Countries** | Brazil |
| **Specific Location** | Minaçu, State of Goiás |
| **Financial Institutions** | US International Development Finance Corporation (DFC) |
| **Status** | Proposed |
| **Bank Risk Rating** | A |
| **Borrower** | Serra Verde Pesquisa e Mineração Ltda. |
| **Sectors** | Energy, Mining, Technical Cooperation |
| **Investment Type(s)** | Advisory Services |

## Project Description

As stated by the DFC, the Serra Verde Rare Earths Project (the “Project”) consists of mining and concentrating Rare Earth Element ions adsorbed in clays. The Project is an existing mine located in the Pela Ema deposit located in the municipality of Minaçu in the northern region of the state of Goiás, Brazil. The Project includes the following components: open pit, operational plant, drained tailings piles (retained from screening and filtering), water main, power distribution line, and administrative support facilities (changing room, outpatient clinic, restaurant, R&D area, vehicle workshop, waste shed, fuel station, oily effluent treatment plant, among others). Proceeds of the DFC loan will be used to fund debottlenecking and optimization of the Project's extraction process.

Rare earth elements (REEs) are generally extracted from either hard rock or ionic clay deposits, such as Serra Verde’s. The Serra Verde mine in Minaçu, Brazil, is a key producer of rare earth elements (REEs), crucial for various high-tech and clean energy applications. Specifically, the mine focuses on neodymium, praseodymium, dysprosium, and terbium, which are vital components in high-efficiency permanent magnets used in electric vehicle (EV) motors and wind turbine generators . The mine is the first significant source of heavy rare earth elements outside of Asia, and aims to reduce reliance on China for these critical materials.

Serra Verde is one of the largest ionic clay deposits outside of Asia with important competitive and environmental advantages due to the nature of the deposit, relatively low environmental impacts and its location in an established mining area, close to renewable energy infrastructure.

Construction is underway of phase I of the Pela Ema deposit, which is expected to produce at least 5,000t/y of rare earth oxide with a 25-year mine life.

**People Affected By This Project**

The Project is screened as Category A because it involves an existing large-scale open pit mine.

The Project's area of influence encompasses the direct area to be mined and the surrounding areas in the municipalities of Minaçu, Montividiu do Norte, and Trombas which together have a population of approximately 38,000 people. Approximately 81% of the population of these three municipalities live in the town of Minaçu . The Direct Area of Influence includes the village of Patrimonio Vicente and Minaçu, although there are no households within the Project site itself. Patrimonio Vicente is the community closest to the Project and is a village of approximately 310 people located approximately 18 km from the gates of the mine, near the access road to the site. Project staff primarily live in Minaçu, and are transported to the mine site via busses that pick them up at stops around the city on set times and following set routes. The Project has identified the entire state of Goias as the Indirect Area of Influence for social impacts, although engagement activities are generally focused on the three project municipalities, and two communities mentioned above.

**Investment Description**

- US International Development Finance Corporation (DFC)

### Private Actor Relationship

Serra Verde Group has secured $150m (1.11bn reais) in investment from Denham Capital and the Energy and Minerals Group from the US and Vision Blue Resources. (Source: https://www.mining-technology.com/news/serra-verde-secures-investment/)

### Private Actors Description

Founded and backed by leading natural resources investors, Serra Verde is engaged in the production and sale of Rare Earth Elements (REEs) from its world class and wholly owned Pela Ema deposit in Brazil. Serra Verde is the only large scale producer outside Asia of all four critical magnetic REEs used in the manufacture of permanent magnets for the energy, automotive and electronics sectors. In addition, we provide a secure supply of REEs for defence, aerospace, nuclear and other critical industries. (https://www.linkedin.com/company/serra-verde-group/about/)

Mineração Serra Verde, also known as Serra Verde Mineração, is the operating company that owns and manages this deposit. The company aims to be a leading, sustainable, and reliable supplier of REEs for various industries, including defense, aerospace, and clean energy. As stated on the company's website, Serra Verde Pesquisa e Mineração Ltda. operates an integrated rare earth mining and processing operation in Minaçu County, State of Goiás, central Brazil. The high value rare earth elements (REEs) which Serra Verde supplies are critical to key technologies that will deliver the green energy transition, such as EVs and wind turbines.

Serra Verde has also earned a place on the Minerals Security Partnership’s (MSP) global list of projects considered to play key role in the global energy transition.

| Private Actor 1 | Private Actor 1 Role | Private Actor 1 Sector | Relation | Private Actor 2 | Private Actor 2 Role | Private Actor 2 Sector |
|---|---|---|---|---|---|---|
| Serra Verde Group | Parent Company | Mining | owns | Serra Verde Pesquisa e Mineração Ltda. | Client | Mining |

## Contact Information

**Client - Serra Verde Pesquisa e Mineração Ltda.:**

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**ACCESS TO INFORMATION**

Unlike many other development finance institutions, DFC does not currently have an access to information policy.

Under the United States Freedom of Information Act (FOIA), DFC is obliged to respond to reasonably formulated requests for Agency records. However, DFC may apply exemptions from release to certain types of information and may charge fees in responding to requests. DFC has a designated FOIA officer who is trained in how to respond to requests and implement the law. You can learn more about filing a FOIA request at: https://www.dfc.gov/foia

**ACCOUNTABILITY MECHANISM OF THE UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION (DFC)**

The Office of Accountability is an independent office that addresses complaints about environmental or social issues related to DFC-supported projects. The office provides communities an opportunity to have concerns independently reviewed and addressed. If you submit a complaint to the Office of Accountability, it may assist you by either seeking to address your problems by facilitating a problem solving dialogue between you and those implementing the project and/or investigating whether the DFC complied with its policies to prevent environmental, social, human rights, and labor harms.

You can find more information about the Office of Accountability at: https://www.dfc.gov/who-we-are/office-accountability

### Bank Documents

- Disclaimer
- E&S; Audit of DFC Project
- E&S; Audit of Existing Operations
- ESAP
- Initial Project Summary
- Local Language Summary of ESIA (RIMA)
- Stakeholder Engagement Plan (SEP)

### Government Documents

- United States Welcomes New Investment in Rare Earth Element Production for Serra Verde Project

### Media

- Beset by legal battles, Brazil asbestos town eyes a safer future
- Rare earths producer Serra Verde secures $150m investment
- The Mine Is American. The Minerals Are China’s